



Understanding PCS

PCS stands for personal communications service. PCS offers consumers some advantages over traditional analog service:

PCS is entirely digital, giving PCS phones static-free operation, lower power requirements (and therefore longer battery life) and a significant advantage over analog phones in transmitting data such as alphanumeric messages. Voice quality on PCS phones is generally better than on analog phones.

For consumers, PCS generally means a small digital phone that offers long talk times and advanced calling features such as three-way calling, caller ID and short message service. Some PCS phones can even surf the Internet in a limited way. Selling these add-on services with the basic calling plan can make PCS highly profitable for carriers, according to industry analysts.

Most PCS networks operate on high-frequency, 1900-MHz bands auctioned by the Federal Communications Commission (FCC) beginning in 1994 specifically to increase competition among wireless carriers. AT&T Wireless Services operates what it calls Digital PCS on 800-MHz digital cellular networks in some cities; newer AT&T PCS networks operate at 1900 MHz.

PCS is being rapidly deployed throughout the United States. The first PCS network lit up in 1996, and already hundreds of systems are in various stages of development. Some type of PCS service is available to about 60 percent to 70 percent of U.S. homes, compared with more than 90 percent of homes that can get analog service.

PCS service is highly competitive. PCS airtime costs at least 25 percent less per minute than analog airtime, and sometimes even less than that. In some cases, PCS customers also receive such benefits as no long-term service contracts, free first incoming minute and per-second billing. However, PCS carriers don't give away handsets the way analog carriers do. Many PCS handsets cost \$100 or

carriers do. Many PCS handsets cost \$199 or more.

PCS networks operate on three different and incompatible digital standards. As a result, PCS phone owners cannot freely roam outside their home service areas. To address the roaming issue, carriers have introduced dual-band PCS phones that can also operate as digital cellular phones, and tri-mode phones that can operate as either digital cellular or analog phones.

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Why do many carriers require a one-year service agreement?

Wireless carriers generally require long-term service agreements for analog phones (but often not for digital cellular and digital personal communications service phones) because the carrier heavily subsidizes the price of the phone. The carrier earns back the phone subsidy, which could be \$250, over the 12, 24 or 36 monthly payments you make for service during the life of the contract.

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